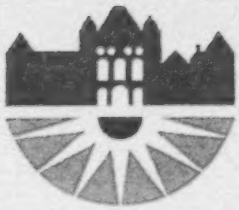

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Ontario Food Terminal Board

Financial Statements

March 31, 2011

Ontario Food Terminal Board

Financial Statements
March 31, 2011

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Management's Responsibility for Financial Statements

The accompanying financial statements of the Ontario Food Terminal Board have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to September 22, 2011.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors reviews and approves the financial statements.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The independent auditor's report, which appears on the following page, outlines the scope of the Auditor General's examination and opinion.

Yours truly,
ONTARIO FOOD TERMINAL BOARD

Bruce Nicholas, General Manager, Secretary Treasurer

Gianfranco Leo, Manager of Administration

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Ontario Food Terminal Board,
the Minister of the Agriculture, Food and Rural Affairs
and the Minister of Finance

I have audited the accompanying financial statements of the Ontario Food Terminal Board which comprise the statement of financial position as at March 31, 2011 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Toronto, Ontario
September 22, 2011

Ontario Food Terminal Board

Statement of Financial Position
As at March 31

	2011 $	2010 $
Assets		
Current assets		
Cash	621,140	329,597
Restricted cash (note 3)	501,850	-
Short-term investments (note 4)	3,725,708	3,700,255
Accounts receivable	512,724	244,654
Prepaid expenses and supplies	101,170	97,572
	5,462,592	4,372,078
Capital assets (note 5)	19,448,045	19,323,755
	24,910,637	23,695,833
Liabilities		
Current liabilities		
Demand loans (note 6)	5,360,564	5,691,801
Accounts payable and accrued liabilities	655,575	922,978
Deferred contribution (note 7)	500,000	-
Deferred revenue	772,411	588,704
	7,288,550	7,203,483
Net Assets		
Net assets invested in capital assets	14,087,481	13,631,954
Unrestricted net assets	3,534,606	2,860,396
	17,622,087	16,492,350
	24,910,637	23,695,833

Contingencies (note 9)

Commitments (note 10)

On behalf of the Board

Victor Dirks
Director

Secretary-Treasurer

The accompanying notes are an integral part of these financial statements.

Ontario Food Terminal Board

Statement of Revenue and Expenditures

For the year ended March 31

	2011 $	2010 $
Revenue		
Rents	7,429,216	7,080,308
Cold storage	1,784,976	1,803,770
Toll fees	667,583	683,652
Buyer access tolls	417,339	393,942
Other income	135,624	195,282
	10,434,738	10,156,954
Expenditures		
Salaries and benefits (note 8)	2,645,028	2,512,806
Electric power	1,647,347	1,538,912
Amortization	1,199,281	1,075,534
Waste removal	1,150,835	795,998
Realty and business taxes	933,444	968,882
Repairs and maintenance	549,035	582,240
Insurance	329,141	320,691
Interest	168,882	147,967
Operating supplies and expense	160,712	150,996
Fuel	136,079	129,535
Office	100,758	115,365
Miscellaneous contract services	75,147	68,067
Rent - hydro land	72,050	75,450
Water	54,142	54,223
Legal services	52,831	243,441
Board members' fees and expenses	23,304	36,348
Miscellaneous	6,985	35,133
	9,305,001	8,851,588
Excess of revenue over expenditures for the year	1,129,737	1,305,366

The accompanying notes are an integral part of these financial statements.

Ontario Food Terminal Board

Statement of Changes in Net Assets

For the year ended March 31

			2011	2010
	Invested in capital assets $	Unrestricted $	Total $	Total $
Net assets - Beginning of year	13,631,954	2,860,396	16,492,350	15,186,984
Excess of revenue over expenditures for the year	(1,199,281)	2,329,018	1,129,737	1,305,366
Invested in capital assets	1,323,571	(1,323,571)	-	-
Repayment of demand loans invested in capital assets	331,237	(331,237)	-	-
Net assets - End of year	14,087,481	3,534,606	17,622,087	16,492,350

The accompanying notes are an integral part of these financial statements.

Ontario Food Terminal Board

Statement of Cash Flows

For the year ended March 31

	2011 $	2010 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	1,129,737	1,305,366
Adjustments to reconcile excess of revenue over expenditures to cash provided by operating activities		
Amortization	1,199,281	1,075,534
Changes in non-cash working capital balances		
Accounts receivable	(268,070)	195,030
Prepaid expenses and supplies	(3,598)	126
Accounts payable and accrued liabilities	(267,403)	297,715
Deferred revenue	183,707	(104,145)
Deferred contribution (note 7)	500,000	-
	2,473,654	2,769,626
Investing activities		
Purchase of capital assets	(1,323,571)	(1,918,576)
Purchase of short-term investments	(25,453)	(1,925,830)
	(1,349,024)	(3,844,406)
Financing activities		
Repayment of demand loan	(331,237)	(331,237)
Change in cash during the year	793,393	(1,406,017)
Cash and restricted cash - Beginning of year	329,597	1,735,614
Cash and restricted cash - End of year	1,122,990	329,597
Supplementary information		
Interest paid	168,882	147,967

The accompanying notes are an integral part of these financial statements.

Ontario Food Terminal Board

Notes to Financial Statements
March 31, 2011

1 Nature of operations

The Ontario Food Terminal Board (the Board), a government enterprise of the Province of Ontario, was incorporated without share capital pursuant to the Ontario Food Terminal Act, R.S.O. 1990, c O.15 and Ontario Regulations 871, 872 and 65/09 made under the Act. The objects of the Board include the operation of a wholesale fruit and produce market and the acquisition and operation of facilities for the transportation and handling of fruit and produce. To meet these objects, the Board leases land and buildings to wholesalers and growers. The Board is a not-for-profit Crown Agency and is exempt from income taxes.

2 Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Revenue recognition

The Board recognizes revenue when services are provided and collectibility is reasonably assured.

Deferred revenue results from the prepayment of rent, stall rentals, parking rentals, buyers' access cards and office rentals.

Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are incurred.

Short-term investments

Short-term investments are guaranteed investment certificates (GICs) and are carried at fair value in the financial statements. Investment income is included in the statement of revenue and expenditures.

Capital assets

Capital assets are recorded at cost. Amortization of capital assets is provided on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 30 years
Buildings	10 to 40 years
Equipment and equipment under capital leases	5 to 20 years
Parking deck and retaining wall	4 to 40 years

Amortization of construction-in-progress will commence when the construction is substantially complete and the asset is put into use.

Impairment of long-lived assets

The Board reviews the carrying amounts of its long-lived assets if events or circumstances indicate the carrying amount may not be recoverable. If the carrying amount is not recoverable, the Board would recognize an impairment loss, if required, equal to the amount that the carrying value of the assets exceeds their fair value.

Financial Instruments

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification.

The classification of financial instruments depends on the purpose for which the financial instruments were acquired, their characteristics and the Board's designation of such instruments.

The fair values of cash, short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The Board classified its financial instruments held as follows:

Financial instrument	Category	Measurement
Cash	held-for-trading	fair value
Short-term investments	held-for-trading	fair value
Accounts receivable	loans and receivables	amortized cost
Demand loans	other financial liabilities	amortized cost
Accounts payable and accrued liabilities	other financial liabilities	amortized cost

Cash and short-term investments are exposed to interest rate, market and credit risks.

The Board is subject to credit risk with respect to accounts receivable to the extent that tenants do not meet their obligations.

The Board manages liquidity risk by ensuring sufficient liquidity is maintained by regular monitoring of cash flow requirements.

The Board has chosen to continue to apply The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Future accounting changes

- Accounting standards for government not-for-profit organizations

  In December 2010, the Public Sector Accounting Board issued a comprehensive set of accounting standards applicable to government not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Board is currently considering the impact of the adoption of these standards.

3 Restricted cash

The Board has internally restricted $501,850 (2010 - $nil) of cash received from the Ontario Ministry of Agriculture, Food and Rural Affairs, and the related interest earned, for the pre-construction/site preparation costs of the possible expansion of the Ontario Food Terminal (note 7).

4 Short-term investments

	2011 $	2010 $
Bank of Montreal, prime less 1.85% (2010 - 1.75%) GIC, due October 28, 2011 (2010 - due October 29, 2010)	3,725,708	3,000,000
Bank of Montreal, 0.85%, cashable GIC, due February 19, 2013	-	700,255
	3,725,708	3,700,255

The cost approximates fair value.

5 Capital assets

			2011
	Cost $	Accumulated amortization $	Net $
Land	275,604	-	275,604
Land improvements	1,972,034	1,708,360	263,674
Buildings	26,151,761	11,384,137	14,767,624
Equipment	2,896,439	2,396,099	500,340
Equipment under capital leases	257,599	257,599	-
Parking deck and retaining wall	6,878,283	3,262,768	3,615,515
Construction-in-progress	25,288	-	25,288
	38,457,008	19,008,963	19,448,045

	Cost $	Accumulated amortization $	2010 Net $
Land	275,604	-	275,604
Land improvements	1,912,342	1,658,969	253,373
Buildings	25,143,314	10,727,657	14,415,657
Equipment	2,729,854	2,233,139	496,715
Equipment under capital leases	257,599	257,599	-
Parking deck and retaining wall	6,281,806	2,932,318	3,349,488
Construction-in-progress	532,918	-	532,918
	37,133,437	17,809,682	19,323,755

During the year, $507,630 was transferred from construction-in-progress to parking deck and retaining walls, as the assets are now substantially complete.

6 Demand loans

Demand loans comprise the following:

	2011 $	2010 $
Demand loan, non-revolving with an additional $600,522 available to be drawn, bearing interest at prime plus 1/4%, monthly repayments of $24,378 principal plus interest; this loan is used to primarily finance capital expenditures	5,021,930	5,314,466
Demand loan, non-revolving, bearing interest at prime plus 1/4%, minimum monthly payments of $3,225 principal plus interest; this loan is used to finance capital expenditures	338,634	377,335
	5,360,564	5,691,801

The Board has a revolving line of credit to a maximum availability of $1,000,000, which bears interest at the bank's prime rate. As at March 31, 2011, the Board had no borrowings outstanding under these facilities (2010 - $nil).

All of the above loans are supported by a letter of undertaking not to sell, further mortgage or otherwise encumber property located at 165 The Queensway.

7 Deferred contribution

During the year, the Board received a one-time contribution of $500,000 that has been classified as restricted cash (note 3).

8 Self-directed RRSP

The Board offers its full-time employees a self-directed RRSP plan whereby employees make a minimum contribution of 5% of their pay. The Board contributes a matching amount up to a maximum of 6% for employees with over 15 years of service and 5% for all other eligible employees. The expense for the year under this plan was $79,548 (2010 - $77,732) and is included in salaries and benefits.

9 Contingencies

Various actions have been brought against the Board for matters that arose in the ordinary course of operations. In the opinion of management, the outcome of the lawsuits is indeterminable. However, should any costs result from the resolution of these claims and charges, these costs will be charged to operations in the year they are estimable.

10 Commitments

The Board leases land for vehicle parking space under an operating lease. The future annual minimum lease payments are as follows:

	$
2012	62,052
2013	62,054
2014	46,539
	170,645

11 Management of capital

The Board considers its capital to consist of net assets invested in capital assets and unrestricted net assets. The Board's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services to its clients and allow for future expansion. Annual budgets are developed and monitored to ensure the Board's capital is maintained at an appropriate level. Deficiencies from operations are funded from increased rent. Capital asset expenditures are funded from the excess of revenue over expenditures.

There have been no significant changes to the Board's capital management objectives, policies and processes in the year, nor has there been any change in what the Board considers to be its capital.

The Board is not subject to any externally imposed capital requirements.

12 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.